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ABSTRACT

This paper explores what happens to the old central office when the familiar top-down structure of school governance is replaced by a charter-district system in which independent public schools operate on charters or contracts. For the most part, the paper examines districts that authorize and oversee a significant number of charter schools, rather than districts that contract out for the management of a few schools. It concentrates on districts that set out to create a system of successful independent schools, as well as viable structures of oversight and accountability distinctly suited to the charter context. The paper also makes some assumptions about how an ideal charter district should operate. It examines how the major functions of the central office change in a charter district; how larger questions of accountability and equity are affected by how the district is organized; and how the roles and responsibilities change for board members, superintendents, administrative staff, school leaders, and teachers. Finally, the paper offers suggestions to help districts seeking to create a new central office. (Contains 53 endnotes, many of which are references.) (WFA)

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The New Central Office: How Charter Districts Serve Schools and the Public Interest.

The Nuts & Bolts of Charter Districts Series.

Nelson Smith

May 2003

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Education Commission
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The Nuts & Bolts of Charter Districts

The New Central Office: How Charter Districts Serve Schools and the Public Interest

EA 032 591

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Introduction

In every big city, public school teachers, principals and parents all seem to know the address of the large building that houses the school system's central office. A would-be teacher in Chicago learns that her application is "still at Pershing Street." A Washington, D.C., parent waiting for a special education conference hears that "there's a backlog at 825 North Capitol." For decades in New York City, all roads led to "110" – until Mayor Michael Bloomberg launched his campaign for school reform by moving administrators from 110 Livingston Street in Brooklyn to the renovated Tweed Courthouse just behind City Hall in Manhattan.

This paper explores what happens to the old central office when something more fundamental than a change of address takes place: when the familiar top-down structure of school governance is replaced by a system of independent public schools operating on charters or contracts. In this new system, also known as a "charter district," the "new central office" is occupied not by an all-powerful, all-purpose bureaucracy, but by a contractual partner that provides licensing and oversight. Schools manage their own budgets, purchasing and personnel – in effect, moving much of the central office to each school site. In truth, such a new central office is not so central anymore.

Traditional vs. Charter Districts

In the traditional hierarchy, any given school is simply an outlet or delivery vehicle owned and operated by the central office. As Tom Vander Ark of the Gates Foundation recently wrote, such schools function simply as "buildings in which various programs are implemented."[1] Libia S. Gil says that historically, in the Chula Vista Elementary School District in California that she led for nine years, "schools existed to serve the central office. The control and command functions of the 'education center' were well recognized and accepted across the district."[2]

The top-down flow of power and responsibility in traditional school districts has been likened to an inverted pyramid weighing down on the heads of schools. Researcher Jennifer A. O'Day observed that burden in meetings with Chicago district personnel where schools "were simply the recipients of information and mandates rather than sources of valuable information in their own right." She noted that when information did flow the other way, "it focused on whether people were carrying out prescribed tasks."[3]

How did this edifice get built? Paul Hill of the University of Washington writes that school districts are organized "geologically, not logically," with layers established by "the vocational movement of the 1930s, the desegregation era of the 1950s and 1960s, the categorical program era of the 1970s, the education for handicapped children era of the 1980s, and the testing and accountability era in which we now live."[4]

By contrast, a charter district is a *system of schools* – a portfolio of autonomous public schools that operate on charters or contracts. Its schools must observe the same federal laws as other public schools, but as they do so, the system supports rather than surrounds them.

Researchers Allan Odden and Carolyn Busch call charter schools "the country's most aggressive version of school decentralization"[5] – yet charter *districts* go an important step further. Authority is not vested in a central office and then granted down to school sites; instead, schools themselves are incorporated, their powers enumerated in law. The scope of central oversight and enforcement is limited by both statute and contract.

Taxonomy

At the outset, it must be conceded that the meaning of "charter district" is elusive. Members of a charter district working group convened by the Education Commission of the States (ECS) represent, among others: two districts in Pennsylvania that were taken over by the state and include schools operating on both charters and contracts with an appointed board; an independent board whose 24 campuses constitute a kind of shadow system within the District of Columbia; a single office within the Chicago Public Schools that oversees 15 charters. Also represented is the sprawling Twin Ridges Elementary School District in California that includes two traditional schools and two charter schools within its boundaries – and 10 additional charter schools located outside district boundaries.[6]

Since these various kinds of charter districts differ substantially in how they conceive of central office scope and functions, and since there is a particularly wide gulf between the operations of a from-scratch charter authorizer and a traditional district that contracts out, a few ground rules are needed:

- Except where noted, this paper will look at districts that authorize and oversee a significant number of charter schools, rather than districts that contract out for the management of a few schools. This choice reflects not only a

need for coherence, but also the reality that contracting does not seem to have wrought wholesale transformation of those districts. Accordingly, when describing charter district functions, the term "authorizer" will be used interchangeably with "central office."

- Purposefulness counts as well. Not every school district that authorizes a couple of charters is a "charter district." This paper concentrates on those that set out to create systems of successful independent schools, as well as viable structures of oversight and accountability distinctly suited to the charter context.
- This paper also will make some assumptions about how an ideal charter district should operate, which may not necessarily reflect the current practice or legal framework of any particular current charter district. Principally, this means having a "strong" charter law, including full funding that follows the child, legal incorporation of each school and local education agency (LEA) status for grant purposes.

In the following pages, major functions of the central office and how they change in a charter district are examined. A look is undertaken at not only the "nuts-and-bolts" services commonly evoked by the term "central office," but also at how larger questions of accountability and equity are affected by how the district is organized. Then explored are *how* the roles and responsibilities must change for key players such as school boards and superintendents. Finally, some thoughts are offered on how to help districts seeking to create a "new central office."

Two Main Functions A New Central Office Must Serve

In a traditional district, the central office oversees the educational program, as well as routine bureaucratic functions such as processing payroll, handling maintenance requests and ordering textbooks. But it also serves as the hub of a wide range of processes that create, finance and oversee the performance of public schools. The superintendent may not vote on systemwide policies, but shapes them by providing data to the school board and city council. The chief financial officer may not set teacher salaries, but makes recommendations to the city budget office based on studies of market conditions. The curriculum department must conform to state-determined academic standards, but has broad authority to shape what is taught in the classroom.

Broadly speaking, these activities fall into two categories: "public interest" functions and "service and support" functions. As a district moves from a traditional organization to one based on the charter model, both functions of the central office change dramatically as follows:

- **Public-interest functions** aim to ensure accountability and protect the public dollar. In traditional school districts, this role is divided between an elected board of education that makes policy and a central office staff that carries it out. In a charter district, the charter authorizer represents the interests of parents, taxpayers and other citizens, primarily through contract negotiation, oversight and disclosure rather than rulemaking. Charter schools themselves, however, take on a significant share of the public-interest function, since they are subject to audit and other disclosure requirements and accountable to the enrollment choices of parents as well as to the charter authorizer.
- **Service and support functions** build the physical and human infrastructure needed to deliver classroom teaching and learning. They include facilities acquisition, maintenance and upkeep; development of data and communications systems; and the entire range of support services from curriculum development to trash removal. In traditional districts, these are centrally directed and operated, although specific tasks may be outsourced. In a charter district, the situation is roughly the opposite: Schools themselves are largely responsible for building their own intellectual and physical capacity, although the central office may provide selected services as one vendor among many.

Public-Interest Functions of Charter Districts

In a recent report to the Los Angeles Alliance for Student Achievement, WestEd, the federal regional educational laboratory, recommended transforming the Los Angeles Unified School District's (LAUSD) central office to focus on "mission (standards, interventions), money and measurement (accountability, data systems)."[7] If these recommendations are adopted, LAUSD's central office will look much like that of a charter district, where a "new central office" is freed from the nuts and bolts of managing schools and concentrates instead on core public-interest concerns.

This is not to say that a charter district's central office is stripped of its substantive responsibilities. To the contrary, the new central office still has an important role in protecting equity, ensuring accountability and seeing that schools obey the law. But because a charter ensures each school's operational autonomy, the new central office serves the public interest through quite different strategies than those used by its predecessor.

Creating a New School

Why is the creation of a new school listed here as a public-interest function rather than as a service function? Because the new central office plays a very different role from that of a traditional central office in determining how a school comes to be. Consider the following quote from the California School Boards Association:

> The state's facilities needs are huge: With an estimated 1 million new students entering the system in the coming years, California needs more than 13,000 new classrooms or 331 new schools just to handle growth in enrollment. The nonpartisan state legislative analyst recently concluded that one in every three California school children attends an overcrowded school or a school needing modernization.[8]

As this comment illustrates, creation of new schools in traditional districts is essentially a question of capacity. The need for a new site is usually driven by demographic bulges or by the deterioration of older facilities. Progressive districts may seize these opportunities to install innovative programs, and, sometimes, new schools are created for purely educational reasons – for example, New York City's intimate-scale, New Visions schools. But typically, districts open new school buildings when the old ones run out of space.

By contrast, *every* school in a charter district is a new school, one that originates in the aspirations of its founders rather than the calculations of a facilities plan. Even if converted from an existing public or private school, every charter school must define a unique mission and create a program compelling enough to attract families.

Managing the selection of new charter schools is the single most important function of a charter authorizer. It requires a detailed application process, review by technical experts and opportunity for public input. Before finally awarding a license to operate, the authorizer must assure itself that the public interest will be served by the proposed school – a far more challenging task than simply installing an existing program at another location.

Yet, there are new boundaries as well. *Nurturing* a newly authorized school – which in a traditional district is a function of the central office – may or may not be seen as a responsibility of the same agency that grants the charter. This is one of the "support" functions taken on by a variety of private providers, discussed extensively in a later section of this paper. Some schools do not ask for much help, especially if they are affiliated with a ready-made source of start-up support, such as an education management organization. For those that do, authorizers can work in tandem with charter resource centers or with external nonprofits such as SchoolStart or New American Schools.

A small number of groups, including California's Charter School Development Center, Ohio's Education Resource Center and the Pioneer Institute in Massachusetts, have created intensive "incubator" programs that help charter founders learn a range of new skills in areas such as curriculum development, personnel practice and processing of student and financial data. Incubators might even provide physical homes for one or more small schools in their startup years. By offering space at minimal rent, this approach allows schools to save toward a down payment on a permanent facility, while learning the ropes of day-to-day operations in a sheltered environment.

One way of assuring quality schools is to encourage strong applicants. John Ayers, executive director of Leadership for Quality Education in Chicago, says leaders of charter districts should play a "Johnny Appleseed" role: "In a charter district, especially one that's serious about terminating low-performing schools, the central office should constantly be looking to replenish the supply of high-quality options. Of course, there has to be a solid and fair process for approving charters; but the district's lead executives should be riding the circuit, and encouraging new charter applications from universities, zoos, museums and cultural institutions."[9]

However aggressively new schools are cultivated, the authorizer's most solemn responsibility remains the creation of a discerning approval process – and on that score there is clearly room for improvement. A recent federal study found that fewer than one quarter of current charter authorizers have ever denied an application.[10] In the end, opening the gate

too wide can be a worse problem than keeping it shut.

Code Compliance

Any entity doing public business must ensure the health and safety of clients. Schools that house hundreds of children must comply with fire codes, obtain occupancy permits that attest to the structural soundness of buildings and fittings and meet inspection standards for food services. These are not school district functions, strictly speaking, and usually are carried out by nondistrict entities such as the department of buildings. Yet, the traditional school district has staff to do spot checks and prep work, and also knows how long the city is likely to overlook a broken exit sign.

Charter schools also must be sturdy and safe, but if they are separately incorporated, the burden of compliance is on the school, not the district. The new central office might not build the new facility, or walk its staff through every stage of the permitting process, but it clearly plays a role in prompting compliance. The charter authorizer should be clear that a certificate of occupancy is a non-negotiable item before a school begins operations. As an example, charters awarded by Indianapolis Mayor Bart Peterson can be revoked if operators fall behind a set pre-opening timeline, including code compliance. During routine monitoring, authorizers can underscore the importance of building safety by asking to see fire drill records and asbestos-abatement certificates.

But how does a charter district replace field knowledge acquired by a central office that has spent decades working the system – an especially important point when new schools are being set up by novices? By turning to other people in town who work the same ropes for nonschool clients.

In Washington, D.C., for example, the business-based D.C. Public Charter School Resource Center has arranged for top officials of local contracting firms to tour sites of charter schools well in advance of pre-opening certification. They spot potential hazards, provide judgment about likely delays due to conditions in the local construction market and often make discreet inquiries of their longtime contacts within city agencies – all helping to assure that schools open safe, sound and on time.

Accountability

"Accountability" is the banner under which most current school reform marches. It is hard to find a politician or school official who disagrees with the idea of rewards for success and penalties for failure. Yet, the traditional central office, a legacy of the industrial era, is ill suited to outcomes-based accountability, since it is so heavily organized around inputs (such as 24 students to a class, two boxes of chalk per month and a single salary scale for all teachers).

A number of districts have made serious attempts to change, for example, by creating accountability offices charged with evaluating and reporting test data. Certainly, with the advent of the No Child Left Behind Act, every school district will be required to adopt a sharp focus on attaining state-determined standards for "adequate yearly progress" (AYP).

Where charter districts have an advantage is they do not have to retrofit the system. Each school begins life by stating in its application the outcomes it intends to deliver. The charter (or in some cases, the "accountability plan") states in contractual language what the school is accountable for, over what period of time and with what consequences. As former Pennsylvania Education Secretary Charles Zogby puts it: "Creating the accountability function is priority #1."[11]

Beyond standards and goal statements, accountability requires:

1. Measurement
2. Improvement efforts
3. Consequences.

The following section looks at how these components play out in the old and new central offices:

Measurement. Traditional and charter districts are both required to measure achievement through standardized tests that comprise most state accountability systems. In both charter and traditional districts, these are being supplemented with increasing frequency by qualitative reviews. Authorizers such as the Massachusetts State Board of Education, the State University of New York and the D.C. Public Charter School Board, for example, employ site reviews modeled on those used by Her Majesty's Inspectorate for British schools.

Perhaps the main difference is that charter districts measure and report a broader array of outcomes. Some are easily quantified and tracked (such as results of tests made by teachers or textbook publishers), but those derived from projects and portfolio presentations may require unconventional scorecards. Non-academic outcomes such as participation rates in community service and extracurricular

activities are also considered, as are indicators of operational health (such as attendance, re-enrollment and parent satisfaction survey results) and results of financial audits or other measures required by the law or the charter.

The No Child Left Behind Act will require many authorizers to review how they evaluate school performance. Within the broad framework of state academic standards, authorizers have had a fairly free hand in setting specific academic achievement targets over the term of a charter. Some have relied on comparative measures such as percentage growth in test scores, but the No Child Left Behind Act defines AYP in terms of state-determined proficiency levels. Authorizers may need to rewrite contracts and accountability plans to include attainment of these absolute measures as well.

Improvement efforts. Here, the old and new models diverge significantly. When a traditional district school underperforms, the central office mobilizes curriculum specialists, leadership coaches, mentor teachers and professional development providers, and sends them into the schools in hopes of spurring improvement. Of course, not all are internal employees; many may be outside professionals. But, since it owns and operates the schools, the central office also owns the improvement plan. It is both doctor and patient.

Many otherwise traditional school districts have responded to low achievement by recruiting comprehensive school reform designs, such as Accelerated Schools and Core Knowledge, which roll all the elements into a single coherent package. One virtue of design-based improvement strategies is they help establish a center of gravity outside the central office, and provide teachers and principals with knowledgeable advice from experts who will not be doing their evaluation. Design teams require strong consensus and buy-in from the school staff, such as an 80% "yes" vote, before undertaking the mission.

In a charter district, the school itself is always primarily responsible for achievement, and information is the engine that drives improvement. The critical central office task is to shape and share data so that it leverages the maximum improvement effort within the school and community. As Libia S. Gil puts it: "The responsibility of the central office is to use data to come up with questions – so the *schools* own the solutions."[12]

For example, an authorizer savvy about managing data can share with a school an analysis showing that elementary reading scores of limited-English-proficient children were persistently falling below expectations, and that the biggest gaps affected children in a particular zip code who were also Title I eligible. Armed with this kind of information, the school might approach the nearby Boys and Girls club to host an after-school tutoring program for children from the neighborhood.

Consequences. Two years ago, there was a rather stark difference in the consequences for poor performance applied by traditional and charter districts. With the advent of the No Child Left Behind Act, though, the methods will grow more similar, since chronically underperforming Title I schools in traditional districts will be subject to reconstitution or takeover – a mirror image of charter revocation.

The threat of revocation, like the prospect of the guillotine, powerfully focuses the mind of a charter school operator. But it is an all-or-nothing consequence, and a recent federal report suggests that effective half-measures such as written notifications and probation are also available. According to a survey taken during the 2000-01 school year, however, only 6% of charter schools had received written notifications from the state or an authorizer about performance concerns, and only 2% of schools had been placed on probation.[13]

These figures indicate that effective half-measures – which stop short of full revocation – are underutilized as a means of holding charter schools accountable for their performance and that a wider inventory of responses is needed for charter districts to deal with lagging performance. The challenge for authorizers is to create responses that are effective and emphatic, but stop short of dictating the school's actions.

This may have less to do with the specific step than with how it is taken. It is easy for a school's board of trustees to ignore or overlook a notice that is snail-mailed to the chairman's home, and simply apprises the board of a deficiency. It is harder to ignore the same notice, delivered in person at a meeting of the board of trustees, with a reminder that the next site visit is scheduled in two weeks. And it is nearly impossible to ignore a notice delivered in a public meeting, convened by the authorizer, with media present.

Peer-based accountability. Finally, although holding charter schools accountable for performance is clearly a public-interest function of the new central office, charter schools themselves understand the importance of living up to contractual obligations –

and in some cases, they have played an active role in developing and executing the means and methods by which accountability systems operate.

In the first few years after Colorado's charter law was passed, the Colorado League of Charter Schools saw that "in many cases there was no common understanding from both districts and charter schools on how schools would be accountable, and in particular on how the charter renewal would be determined."[14] Accordingly, the League created a peer-developed, two-stage accountability program.

In the first stage (pre-opening), the school and district negotiate goals and criteria for judgment. After opening, there is a cycle of internal review, self-study, external site visits (conducted by teams, which include peer members such as principals, teachers and administrators from other charter schools) and recommendations for improvement. The Jefferson County Public Schools now uses the full League model as the basis for its renewal decisions, and a number of other Colorado districts utilize aspects of the system to build accountability programs for their charter schools.

Oversight

If accountability is about outcomes, then oversight is about "quality control" – the day-to-day processes by which the central office monitors progress and arranges for course corrections.

Traditional school districts vary in their approach. Some superintendents swoop down on schools unannounced, while a few contract out for formal site reviews by private firms. Some organize oversight according to regions within the district; some assign assistant superintendents for each level of schooling; and some give free rein to each program, which can lead to overlapping monitoring by Title I, bilingual and curriculum office staff.

Charter districts also vary in the type and degree of oversight they perform, but in general the scope is narrower. While charter schools are subject to compliance reviews by state officials if they get Title I or U.S. Department of Agriculture funds, authorizer oversight is focused on attainment of charter goals. It is not solely a matter of checking off "done" boxes on a charter contract. Conscientious oversight keeps tabs on school data, determines whether a school is meeting legal and contractual obligations and spending public money appropriately and periodically checks whether the school's program is headed toward success.[15]

While accountability is well-defined at the beginning of a charter in the application process and at the end of a charter through the renewal or revocation process, the middle is still evolving. There is wide variation in the shape and scope of ongoing oversight, which makes it hard to say how an ideal charter district should operate.

At one end of the spectrum is Arizona's State Board for Charter Schools, whose initially laissez-faire approach was characterized in a 2001 U.S. Department of Education study as "eager approvers, inattentive overseers."[16] Yet, as a forthcoming study by the National Association of Charter School Authorizers documents, this tag may understate the value of the approach the Arizona board has taken. With a staff of six to oversee 344 charter campuses, the Arizona Board uses unscheduled drop-in visits to see schools in real time, rather than getting a "dog-and-pony show." Deficiencies are flagged and may lead to repeated visits and corrective actions.[17]

In Michigan, by contrast, charter schools face compliance and reporting requirements "nearly identical to those of their traditional counterparts."[18] Central Michigan University (CMU), the state's largest authorizer, has responded by balancing hands-on support with intensive oversight."[19] With a staff of 40 (for 57 schools), CMU conducts yearly teacher certification and facility site reviews, informal visits, including attendance at governing board meetings and a 10-step procedure for following up on compliance issues.

Even within this sphere of public responsibility, some current authorizers strive for a more collaborative relationship with schools. Grace Arnold, who heads the charter school office for the Los Angeles Unified School District, "hates the word oversight." She says, "it's contradictory to charter law and what charter schools should be allowed to do...[Y]ou don't want to impose something from the outside. What you want is an internal accountability system." Toward that end, one of her first initiatives was to convene veteran charter operators to rewrite the district's charter policies. The group will remain intact as a "community of practice," working toward peer-based accountability among other initiatives.[20]

Handling dollars. It goes without saying that writing checks from the public treasury, and accounting for their proceeds, is an important public function. But once again, the charter district permits some interesting new arrangements.

The traditional central office serves as conduit for state and federal funds, and if the district has tax or bonding authority, it also disburses local funds. The office writes payroll checks. The superintendent and staff typically prepare the district's budget request to the school board, and perhaps represent the system's interests before the city council or state legislature. The district may be subject to audit, either routinely or at the behest of a state auditor with evidence of mischief.

In a charter district, these functions are sorted differently. The new central office may or may not serve as fiscal agent for the district's schools, depending on whether the authorizer is freestanding, such as a university, or district based.[21] Because charter dollars follow students (rather than programs), the central office generates school revenues by approving enrollment reports. It also approves school budgets (perhaps annually, or perhaps over a three- to five-year period), but does not conduct detailed oversight of spending, except where procurement law demands clearance of large contracts.

This arms-length relationship requires a tough approach to fiscal accountability, and many charter laws call for periodic audits of charter school books. The new central office can take additional steps to ensure public confidence, including hiring its own auditor; publishing audit guidelines to highlight specific areas of concern (for example, requiring detailed information on transactions with education management organizations); creating a list of approved certified public accounting firms; and providing schools with external technical assistance early enough so their financial controls can be reviewed and strengthened as soon as handling public money begins.

Equity

The traditional central office, its partisans argue, protects equity by administering one set of rules across all district schools.

But equity is not the same as uniformity. It means providing every child, and all groups of children, the protections and resources needed to achieve at high levels. It also requires those who work in schools be shielded from discriminatory treatment. Charter districts can achieve these goals without creating a burdensome central office superstructure.

Educational opportunity. In charter districts, equality of educational opportunity begins by guaranteeing access: providing clear information that allows families to make well-informed choices, seeing that schools operate fair and open lotteries when oversubscribed, and keeping an eye out for any kind of subterfuge aimed at dissuading particular groups from applying.

The pursuit of outcomes is then left largely to the school – a point on which the new central office diverges significantly from the old model. In traditional public systems, the classic response to disparity of outcomes is standardization of inputs. In 1998, when new data arrived showing wide achievement disparities among student groups, Philadelphia's reformist administration reversed its decentralizing course and began emphasizing inputs, including equalization of funding and uniformity in course content.[22] More recently, New York City's Mayor Michael Bloomberg announced a standardized curriculum for all but about 200 of the city's 1,200 public schools, exempting those performing at an acceptably high level.

This approach is anathema in charter districts. Charters specify outcomes to be attained; once the charter is approved, the authorizer cannot require a school to adopt new coursework because it is effective somewhere else. If there are disparities in outcomes between schools, the ultimate remedy is to close the one that is not working.

As accountability stewards under the No Child Left Behind Act, authorizers will be required to dig more deeply, since the law demands school-level achievement reporting by subgroups, including ethnicity, limited English proficiency and disability status. Under the law, authorizers will have to apply consequences if student groups fail to make adequate yearly progress, making equity in educational outcomes a more direct concern for the new central office.

Resources. While charter districts are focused primarily on outcomes, it is important that they assure equitable allocation of key inputs as well. Here, many enjoy a structural advantage over traditional districts.

One badly kept secret of traditional districts is *intra*-district resource disparity. When more than 80% of a school's budget ordinarily consists of salaries and benefits, a seniority-oriented teacher contract that allows veteran teachers to pick plum assignments can produce huge resource gaps between schools in affluent and disadvantaged neighborhoods.

In charter districts that allocate funds through a per-pupil funding formula, dollars follow students rather than teachers – or any other program component. While charter schools often supplement their budgets by aggressive fundraising, formula-based public funding provides at least a base of support that is common across schools.

Regrettably, however, resource equity is severely undermined when lawmakers treat charter schools as poor relations in the public school sector. Only seven state charter laws provide for 100% of per-pupil funding to follow the student automatically and without negotiation,[23] and many provide nothing at all for facilities. Some jurisdictions subject charter schools to remarkable quirks – such as the Indiana state superintendent's decision, later overturned, that withheld funding to new charters until October of their first year. Districts also may prohibit charter students from using athletic or auditorium facilities. In such cases, the charter district central office often finds itself in an advocacy role, simply trying to create a level playing field for the schools it approves.

Due process. As the sole proprietor of public education, the traditional central office becomes directly responsible for every infraction. It hires the teacher who fails to have a troubled child evaluated for a disability. It supervises the principal who seems to have difficulty dealing with Latina paraprofessionals. Because the school district is a single corporate entity, its central office must focus on its own liability risk while trying to solve school-site problems. That means having a staff of lawyers at the ready, compiling a voluminous paper trail, and issuing districtwide regulations mandating that all schools follow specific, consistent processes.

One such example is Title V, Chapter 25 of the D.C. Municipal Regulations, which covers discipline policy for D.C. Public Schools. It details the infractions that merit punishment, the rights of parents and students, the list of disciplinary actions that may be taken, the circumstances under which suspended students can participate in school activities, the process of appeal to the superintendent and the procedures that must be followed if there exists a possibility that misbehavior resulted from a student's disability. Implementing this text involves not only school-level personnel, but also a cadre of central office staff, including assistant superintendents, the Office of Hearings and Appeals, special education personnel, the Office of General Counsel and the Ombudsman.

By contrast, discipline policy in the District of Columbia's "charter district" is governed by a couple of lines in the District's charter law, requiring each charter applicant to include "a description of ... suspension, expulsion, and other disciplinary policies and procedures of the proposed school, and the criteria for making decisions in such areas."[24] Each charter school, in other words, gets to create policies that reflect its own mission and values.

Can the rights of students and staff be protected in a group of autonomous schools, without rebuilding the central office fortifications? Charter districts are answering in the affirmative, by taking the following steps:

- Being absolutely clear about the laws and regulations that do apply across all schools
- Creating charters and contracts that spell out school-level responsibility for special education and other civil-rights protections
- Providing training so charter boards of trustees and staffs can create and operate their own internal systems for guaranteeing due process
- Conducting effective oversight focused on adherence to the charter.

The special case of special education. Providing services to students with disabilities is a moral imperative, a federal equity mandate and one of the most troubled areas of American education. Passed in 1975 as a corrective for public education's chronic dereliction of duty, the Individuals with Disabilities Education Act (IDEA) has been a striking success in changing minds and practices. But its highly prescriptive formulae also have generated a huge sub-industry of service providers and watchdog groups, too often keeping central offices focused on process compliance rather than the achievement of educational outcomes.

Mimi Corcoran of the Beginning with Children Foundation sums up a central irony of how this approach plays out in New York City: "It's a centralized service-delivery system – but there's no consistency in how policy is applied at the school level."[25]

Charter schools hope to do better. Yet, managing this task presents significant challenges, especially for schools that are small and unaffiliated with a larger partner (such as an education management organization or school district) that can both deliver programs and absorb liability. Friendly but attentive oversight is especially crucial under such circumstances.

Too often, however, there is a "who's-on-first" quality to today's oversight arrangements. For instance,

70% of current authorizers say they provide technical assistance on special education to charter schools[26] (perhaps reflecting the fact that most authorizers are district based). Yet, only 9% of authorizers say they monitor schools for special education compliance – although 59% of schools *believe* they are being monitored in this regard by their authorizers.[27]

As IDEA regulations adopted in 1997 made clear, "regardless of which local entity bears ... responsibility for implementation of special services, the [state education agency] retains ultimate responsibility for ensuring that proper services are provided."[28] State-level monitoring, however, typically occurs on a multiyear cycle, and is designed only to ascertain state performance as a whole, not to evaluate individual schools or to provide them with feedback that can improve performance.

Current authorizers who continue to view special education as someone else's job will shortly get two wake-up calls. First, under the No Child Left Behind Act, authorizers will be required to impose corrective actions on charter schools whose special education students fail to make AYP. This will provide a strong incentive to keep closer tabs on how well the programs are doing.

Second, Congress is getting ready to reauthorize IDEA, and there is strong sentiment to strengthen its emphasis on educational outcomes. Charter districts can lead the way by reflecting on the central recommendations of the President's Commission on Excellence in Special Education: focus on results, not process; embrace prevention, rather than waiting for children to fail; and consider special education students first as general education students. In other words, provide them with effective teaching and learning, and address special needs by comprehensive approaches, rather than creation of separate systems.[29]

Service and Support Functions of Charter Districts

There is a stark contrast in how traditional and charter districts organize the delivery of school-level services. The sidebar lists services offered by several large urban school districts, covering academic programs, facilities, human resources and other functions. All are managed and directed through the central office, even if delivered through contractors.

By contrast, charter schools are generally responsible for obtaining whatever services they need. The authorizer plays little role in direct service delivery although it may well help build school-level capacity by arranging or creating systemwide supports, where a single central office can provide economies of scale.

The Charter Mall

Where do charter schools go to get all the benefits once delivered by the old-style central office? As analyst Bryan Hassel points out, "schools need access to a variety of providers so they can shop around for the best quality, fit and prices. In contrast to district-based service systems, in which the central office or its chosen contractor provides all services to schools, the essence of the charter school service system must be diversity and choice."[30]

Put another way, the new central office is neither "central" nor an "office" with respect to the delivery of services. Rather, it is a super-mall – an exploding marketplace of goods and services, delivered by an array of for-profit and nonprofit firms, where charter schools shop for what they need to educate kids.

The mall might offer a big-box education management organization such as Edison Schools, Inc., which folds facilities financing, curriculum, training, staff benefits and data systems under one corporate umbrella. It might also feature smaller retailers that focus on one specialty such as California's Ex-Ed, which provides back-office services, or North Carolina's Self-Help, a community development bank that provides facilities financing. Schools can buy entire programs of curriculum and training from an array of providers: arts-based school designs such as Different Ways of Knowing, back-to-basics programs such as Direct Instruction, or experiential approaches such as Expeditionary Learning. To take care of their bookkeeping and payroll chores, charter schools enlist local certified public accountants, as well as national firms such as ADP or Paychex.

Given their small size (with a median enrollment of only 171 students),[31] charter schools may miss out on volume discounts – so they have come up with creative ways to join forces. Charter schools in the District of Columbia, Indianapolis and Austin, Texas, have formed special education cooperatives that enable individual schools to get economies of scale, while sharing best practices. The Ohio Charter School Association has a purchasing service that recommends members to reliable vendors, who in turn are able to offer group rates on everything from photocopiers to workers' compensation insurance.

CURRENT DISTRICT FUNCTIONS

Each entry on the list below represents a function that is centrally organized but deemed to serve school sites. In a charter district, schools purchase these services, alone or through cooperative arrangements organized by the authorizer or a third party.

Academic Services
Accounts Payable
After-School Programs
AIDS Education
Athletics
Attendance
Benefits
Bilingual Education
Capital Planning
Collective Bargaining
Conflict Resolution
Counseling and Guidance
Curriculum and Instruction
Discipline
Dropout Prevention
Drug Testing
Facilities
Food and Nutrition Services
Employee Verification
Environmental Services
Executive Development
Gifted and Talented Programs
Graphics
Homeless Education
Instructional Media Services
Labor Relations
Legal Support Services
Library Media Services
Mail Delivery
Maintenance Services
Materials Management
Payroll Services
Personnel
Position Control
Placement
Professional Development
PSAT Training
Public/Private Partnerships
Pupil Support Services
Purchasing
School Health Services
School to Careers
Security (School)
Substitute Teachers
Superintendent's Office
Transportation

Independent nonprofit resource centers are another important source of support for today's charters. Such charters provide start-up help and ongoing development, especially in the organizational and financial realms that may be new to teachers and parents who start schools. Resource centers can be freestanding or they can be affiliated with business (as in the District of Columbia), think tanks (as in Boston), universities (as in Philadelphia and California). They are an essential ally for the new central office, offering schools technical assistance the new central office cannot provide because of funding constraints – or because the charter grantor feels that its accountability mission might be compromised by providing services directly to schools.

Three Roles for the New Central Office in Providing Services

While schools themselves are the main customers at the charter mall, charter authorizers typically play some combination of three roles with respect to services:

- *Gatekeeper*: Charter applicants must say how they will fund and operate their program, and need to have a plausible plan for professional development, food service, maintenance, payroll and other necessities. The single most-important service-delivery role for the new central office is to approve only those schools that have a good plan and an entrepreneurial attitude.
- *Intermediary*: The new central office can act as a broker of external services either by creating standards for providers or, more directly, by helping to organize large-scale contracts (for example, transportation or food services) with the schools' agreement. The intermediary role is critical when charters must obtain services from school districts or other public agencies that barely recognize their existence – for example, when the city police department will not do routine background checks because charters aren't part of the "public school system."
- *Provider*: If the new central office has developed strong capacities in-house, it may wish to keep delivering school-level services as one potential provider among many. This is not limited to charter districts; in fact, there are good examples of this new relationship in a number of "traditional" school districts that have redefined their central office operations. According to one study of school-based management: "In Edmonton [Alberta], schools had

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> the bulk of money for professional development and maintenance and could purchase those services outside the district. Central office departments offering such services, *which had to sell their services to schools in order to stay in existence*, became school-oriented (emphasis added)."[32]

It appears that most current charter authorizers do provide at least limited technical assistance that helps schools to understand and carry out their charter obligations. According to a recent national study of charter schools, 90% of authorizers surveyed provided support on accountability; 86% on special education; 79% on finance, business operations and facilities; 70% on "policy clarification"; and 59% on governance.[33] Much of this assistance can be delivered by training sessions (for example, convening school trustees to discuss their fiduciary responsibilities) or simply by being available for a phone conversation ("I just got this circular from the state special education office – what does it mean?").

Building viable *systems* of autonomous schools may demand more ambitious engagement. In the following two cases – data management and employee benefits – a good argument can be made for the "centrality" of a central office.

(1) *Data management and training.* Each authorizer has its own approach to accountability. While some simply require schools to report test scores and attendance as demanded by the state, others collect multiple indicators of school progress. State and local accountability systems rarely have the ability to track or report such information, and as Mimi Corcoran notes, "what they deliver back to schools does not help to change practice." She adds: "Without that, school report cards are just a game of 'Gotcha!'"[34]

This is why a select number of current authorizers are making investments in data management services that address the unique needs of their schools. Central Michigan University commissioned Standard & Poor's School Evaluation Services to refashion its statewide school-data reports, produced for Pennsylvania and Michigan, into a school-level report useful for charter school accountability. The reports are online and accessible to parents, as well as public officials.

The next logical step is for authorizers to install Web-based services that allow each school to access its own data, put parents in touch with teachers and generate required accountability reports with minimal effort. Such systems are already in place in a handful of school districts.

Whatever investments an authorizer makes in hardware and software, they will not mean much unless school staffs know how to use the ample information the system will generate. Training principals and teachers in data-driven decisionmaking is a key corollary to any new system for managing academic and financial data.

(2) *Employee pensions and benefits.* Because a charter district is an incorporated nonprofit entity, each school is free to offer employees its own package of benefits. But with 89% of current charters now located within local, county or intermediate school districts,[35] giving teachers the option of remaining in state pension plans may be a powerful recruitment incentive. A traditional district that morphs into a charter district may want to continue offering access to public-employee benefits plans. Of course, the decision to affiliate should remain with individual schools and teachers – and there should be nothing preventing a group of schools from forming their own cooperative plans.

Pricing New Central Office Services

So far, there is no single model of how to pay the new central office for its work. Some independent authorizers receive line items in municipal budgets, while traditional districts may create an earmark for their charter operations. SRI International found that authorizers commonly charge schools for their services – often, a flat fee that covers such "public" obligations as preparing a charter contract and performing routine oversight. For "nuts and bolts" tasks such as bookkeeping, data management and payroll, authorizers typically take a "fee-for-service" approach.[36]

When districts charge fees for service, they have to develop a price list. This may require a whole new way of thinking about how the district gets and spends money. According to Dennis Doyle, assistant superintendent of California's Chula Vista Elementary School District: "There's invisible value that you can spot by using buyback dollars; it's no longer a question of how many hours people work or what meetings they attend, but what impact they have."[37]

California's Twin Ridges Elementary School District, which has renamed its headquarters a "service center," charges a fee of 10% for "comprehensive" services. Schools can opt out of the arrangement, and the price is reviewed annually. Any excess remittance is rebated to the schools.

New Roles and Responsibilities for Key Players

In charter districts, traditional roles are realigned. Some disappear; new ones materialize. This section briefly summarizes how the charter changes the organization chart, and what is needed from those people who take on the new set of responsibilities.

School Boards

Created to give parents and taxpayers a policymaking voice in school districts, school boards have assumed a broader and more pervasive role in school district affairs. Yet, according to researcher Paul Hill, school boards "spend the bulk of their time on budgetary and personnel issues and on resolving complaints, leaving little time for oversight of instruction or even reviewing data about school performance."[38]

Since charter schools take care of their own management, and since each charter school has its own board of trustees who are accountable to parents and the authorizing body, there is no structural reason requiring their oversight by an elected, districtwide school board. The authorizer *may* be such a board (indeed, most charter schools are created within traditional districts); but charters also can be granted by a public board appointed solely for that purpose, and by universities, mayors, community colleges and nonprofit organizations.

To succeed as charter authorizers, district boards need to become *portfolio managers*. Instead of directing operations at a number of sites, they decide which applicants are good investments, keep tabs on their performance through an array of data and make hard decisions about which to drop when they do not perform according to agreed expectations.

Superintendents

Leading a traditional school system has become a high-wire act, highly remunerative but often short-lived. Researchers Diane Ravitch and Joseph Viteritti capture how this phenomenon plays out in the Big Apple: "In 1996 the Board of Education swore in its eighth chancellor in 12 years. Each time the position becomes vacant the city indulges itself in the hope that some man or woman with magical powers will arrive on the scene to successfully navigate the political and managerial minefields on behalf of one million school children. But each administration ends with more casualties."[39]

In a charter district, the illusory vision of a "maximum leader" gives way to what Thomas Persing of the Chester Upland Board of Control in Pennsylvania calls a "Clerk of the Works," making sure that the system of schools is delivering what its contracts promise.[40] The actual title depends on the institutional framework: A chief administrator may be a board chairman, an executive director or simply the manager of the charter office.

The fictional Met City Regional Education Authority, authorizer for the Metropolitan City charter district envisioned (circa 2010) by authors Chester Finn Jr., Bruno Manno and Gregg Vanourek, "appoints its own executive director, a job for which the prime qualification is dynamite managerial skills, not education credentials. The executive director, in turn, selects his or her own small staff whose principal duty is to issue and monitor the charters and contracts that are the chief constitutional documents of public education...."[41]

Heading the new central office requires leadership by indirection. The chief operating office can "hold up a mirror to the schools," as Corcoran puts it, and help them understand what they've got to do. But as Greg Richmond, Chicago Public Schools authorizer, observes: "Charter schools are not exactly oriented to paperwork and compliance. It may take a number of calls to get a response."[42]

Administrative Staff

The new central office is a lean operation. Since it concentrates on only a few tasks, there is no need for a large central staff. Recent field research by the National Association of Charter School Authorizers found that in 11 of the leading charter authorizers studied, the average office housed five staff overseeing "systems" ranging from 13 to 340 charter campuses.[43] Campus to staff ratios ranged from a low of 1.5:1 for the State University of New York to a high of 56.7:1 for the Arizona State Board for Charter Schools.[44] (A 12th authorizer, Central Michigan University (CMU), is the largest in sheer numbers, with a staff of 40 serving 57 schools; CMU not only takes on fiscal agency and other roles, but also has invested atypical resources in technology and systems development.)

The most pertinent question is not the size of the staff, but whether the authorizer has capacity sufficient to do its job, with an average of 4.11 full-time equivalents dedicated to the charter function.[45] But most authorizers are part of regular districts and, as a study by SRI International found, "the person(s) or office(s) that dealt with chartering generally wore multiple hats" and "authorizers usually did not have an office or staff dedicated to charter-related work."[46]

Some who favor minimal oversight might argue that this makes sense. In this view, once charters are issued, the new central office goes away until it is time to look at outcome data and make a renewal decision. But is that an adequate response to the

duties described in this paper? And can the new central office go further? Can it be an activist for charters, an advocate for its schools, a *friend*, while still maintaining the detachment needed to hold schools accountable for performance?

That is precisely how many of the first-generation charter districts operate, by conducting activities such as:

- Managing and evaluating school-site data, monitoring outcomes against charter goals and visiting schools (or contracting that function out)
- Looking for good sources of technical-assistance, including professional development and help with facilities financing
- Making sure that charter students get every opportunity open to their counterparts in the regular system (including scholarships, special education dollars, athletics and spelling bees)
- Handling the financial and operational relations between the charter district and the main school system (for example, negotiating permission for handicapped kids to use district buses, making sure charter teachers get their full pension rights and arranging for test administration)
- Acting as "ombudsman" handling parent and community inquiries and complaints (and mostly referring them to the school)
- Making sure school staff and boards of trustees are fully briefed on their accountability obligations
- Handling press relations on systemwide issues.

What is striking about this list is that every job demands serious skills. There is relatively little routine paperwork in the new central office. Instead of a bureaucracy with troops three and four deep, there is a lot of frontline activity – negotiation, analysis, advocacy and high-level customer service. This argues for a small but savvy central operation.

Finally, the importance of counsel (in-house or otherwise) should not be underestimated. Especially in their formative stages, charter districts operate largely according to interpretation of statute. With little precedent on the books, and lacking decades of institutional memory and bureaucratic conventions, the new central office has to step carefully in matters ranging from special education to Freedom of Information suits. A good lawyer should be on call.

School Leaders

In traditional districts, principals are mid-level employees, overseeing school staff, but reporting up to the school board, perhaps through a welter of central office bureaucrats. In charter districts, the school leader is the lynchpin – the focal point of action and day-to-day decisionmaking, with far more control and latitude, but far less insulation. As Greg Richmond of Chicago's charter school office notes: "In traditional schools, there's a central office function for every purpose. People complain that they're plodding or redundant, but as principal, you're not out there alone. Charter school principals have to be more entrepreneurial and personally resourceful."[47]

Some charters divide leadership tasks between a management-oriented "executive director" and a principal who oversees the instructional program. A few schools, such as Minnesota New Country School, are led by teachers themselves. But however leadership is exerted, it requires new skills. Where traditional principals work the internal bureaucracy for resources, charter leaders have to persuade foundations, banks and other external bodies that their school is worthy of investment. A business degree helps (although many charters hire full-time business managers) because budget, procurement and accounting issues land on the leader's desk. Since parents can take their children elsewhere, charter leaders need keen marketing skills and a customer-service orientation.

Finally, in the more flexible charter environment, the principal plays what Andre Ravenelle of the Barnstable School District in Massachusetts calls a "facilitator" role, and "must be open to vision coming from the whole, rather than just from the 'education leader.'"[48]

Teachers

Of course, none of the institutional arrangements matter if the charter district model does not improve classroom performance.

Charter authorizers do not hire teachers, and most do not directly provide instructional training, but they can have a powerful influence on the kind of professional environment that schools create. They do this by insisting that charter schools write clear employment contracts, helping school founders understand prevailing market conditions so they can tailor salary and benefits packages accordingly. They also provide ample feedback from school reviews and site visits so school leaders and teachers can understand and tackle problems.

The simple act of moving hiring decisions from the central office to the school site can help generate what researchers Paul Hill, Robin Lake and Mary

Beth Celio call "mutual accountability" between charter schools and their teaching staffs. Given that teachers are free to choose where they work, "[s]chools must keep promises to teachers and teachers must perform effectively in the context of the school."

How do teachers themselves view the transition from centralized bargaining to individual employment contracts? What Hill and company discovered is that "[m]any teachers in new schools found the requirement to renew their contracts each year unnerving, but they were convinced of its value .... In schools with one-year renewable teacher contracts, good performance is praised, bad performance is dealt with and people who do not want to work in a common enterprise are encouraged to find other schools where they will fit in better. Teachers we interviewed said this gives the school an atmosphere of fairness and energy."[49]

If charter school teachers do remain subject to collective bargaining, as is the case in roughly one-third of states having charter laws,[50] the central office can help ensure school autonomy by negotiating master contracts covering wages and benefits, but allowing schools themselves to decide work rules. Jack McLeod of the Barnstable Teachers Association in Massachusetts, who is helping to lead that district's transformation to all-charter status, envisions a "menu" approach where critical issues of work life and school schedule can be negotiated at each school.

Getting from Here to There

A 1993 report by the Consortium on Chicago School Research recommended reform of the central office as critical to further progress at school sites. But its authors later recalled: "Although the Pershing Road office was officially rechristened Central Support Services, its organization in 1993 was not fundamentally different from that prior to reform. There were fewer employees at Pershing Road, but they continued to function as if they were the control center of a large bureaucracy ...."[51]

It is not easy turning around an ocean liner, and that may be why many of the early charter districts have been set up independently or as subsidiaries of larger institutions (as in the Charter Schools Institute of the State University of New York). What are the chances of transforming more than a few traditional districts to the model of the new central office?

Pennsylvania State Representative Dwight Evans sees a need for outside intervention: "Central office people always believe they can turn the system around by themselves, even though they talk the new vocabulary of site control, decentralization and empowerment. But if you only take over the means and vehicles (schools), but leave the central office in place, it won't work."[52]

Whether the momentum comes from external or internal forces, districts that want to go charter should not be stifled by archaic statutes and regulations. It is difficult to revolutionize the central office if state law still requires it to shoulder administrative burdens that belong at the school. That means every charter school should have full authority over personnel, budget, operations and curriculum. Charters also should be independently incorporated and, ideally, vested with status as local education agencies (LEAs) for purposes of federal grants.

Clarity About Costs

Much debate, discussion, research and experimentation concerning charter districts lies ahead. One area ripe for inquiry is the true costs and potential savings within the charter district model.

While charter districts may bring in some additional dollars (given the ability of LEA charters to compete for grants on their own), members of the charter district working group convened by the Education Commission of the States (ECS) generally say that charter districts are a *revenue-neutral* reform. With just a handful of employees, the new central office itself will cost far less than its predecessor, and competition may well drive down the cost of services. But among members of the ECS group, there is a sense that the overall system costs will probably remain the same.

Indeed, some additional transition costs also must be taken into account. As students have moved from traditional systems to charter districts – and taken per-pupil dollars with them – the sending districts have argued they cannot immediately reduce overhead. Hence, there may be a political necessity for states to subsidize a dual system, at least temporarily. One approach is found in Illinois' 1999 law that sends districts "Transition Impact Aid" in declining percentages (90/60/30) of per-pupil funding in the three years after a student moves to a charter school.

Of course, the object is to drive dollars toward the classroom, and the evidence at this point is tentative. Analysts Paul Herdman and Dean Millot

looked at first-year costs of Massachusetts' charter schools and found little difference in their percentage spending on instruction compared to the traditional district. Start-up costs, combined with the relatively low pay of young instructional staffs, kept the instructional portion of the budget constant. They note, however, that facilities costs tended to drive up operational spending – and the percentage devoted to instruction would be significantly higher in the charter schools they studied if the burden of facilities spending – which does not appear at all in the operating budgets of conventional districts – were relieved.[53]

Eyes on the Prize

As district officials and state policymakers debate the pros and cons of charter districts, it is important to keep in mind the central issue: Will this approach help children learn?

Perhaps the most encouraging thing to say about the charter movement is that its pioneers – some of whom contributed to this paper – are focused squarely on this question.

As the movement has matured, and stronger evidence has emerged that the charter idea can help those most in need of better schooling, it has become necessary to think in systemic terms to see if this idea can work at scale. That often means talking about abstractions such as "service delivery" and "governance." To some, this is a warning sign that the movement is losing its soul, and drifting from its original passionate concern for children.

Those taking part in the ECS working group know otherwise. They are handy with a spreadsheet, but to a remarkable extent, their conversation always comes back to what is good for kids.

That is a promising sign, indeed.

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